MART®

BUSINESS IDEAS FOR TODAY'S RETAILERS AND DISTRIBUTORS

APPLIANCES

Pilotless ignition is just one of several weapons in the industry's arsenal of energy-saving features

TELECOMMUNICATIONS

Will small business systems bring salvation to a soft industry?

HOME ELECTRONICS

Home computer sales may be pulling out of the doldrums

VIDEO SOFTWARE

What's hot and what's not? VSDA members trek to Washington, DC to find out

SUCCESS

DEVELOPING A BUSINESS PLAN DESIGNED TO ~~MEET~~ *Beat* THE COMPETITION!

VSDA Convention Issue

MART

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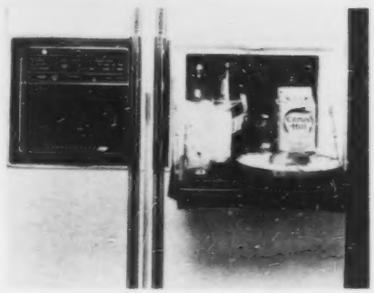
APPLIANCES



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MART (ISSN-0025-4061), including Electrical Dealer and Telecommunications Retailer, is published monthly by Gordon Publications, Inc., 13 Emery Ave., Randolph, NJ 07869-1380; Mailing Address: Box 1952, Dover, NJ 07801-0952, (201) 361-9060. Second class postage paid at Dover, NJ 07801-9998 and at additional mailing offices. Subscription rates: $30 per year in the U.S., $42 all other countries, airmail $84. Single copy, U.S., $3; all other countries, $6. Publisher reserves the right to accept or reject any subscription. Microfilm copies of complete issues or reproductions of individual articles from microfilm prints can be obtained from Xerox University Microfilms, Ann Arbor, MI 48109.

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Change of Address: Send to Circulation Manager, MART Magazine, P.O. Box 1952, Dover NJ 07801-0952.
Postmaster: Send address change to MART, P.O. Box 1952, Dover, NJ 07801-0952.

VSDA Survey:

Rentals still the backbone

Almost 60 percent of the revenue generated by video retail outlets comes from the sale or rental of either action/adventure, science fiction or adult video titles, according to the Video Software Dealers Association. The trade organization's annual survey also reveals that rentals account for an average of 84.3 percent of the retail dollar volume. In short, the survey suggests that customers who come in to borrow a copy of *Raiders of the Lost Ark*, *The Search for Spock* or the latest adult hit remain the backbone of the industry.

What's more, prerecorded video represents over 57 percent of the dollars brought into the average video retailer's store while hardware accounts for 30 percent. The remainder is divided between sales of blank tapes, accessories and other items stocked by the video specialist. Less than half of these transactions — 49 percent — are paid for with cash as most customers opt for credit cards or checks.

Other findings in the VSDA survey include:

• As expected, VHS continues its dominance over all other formats. While more than three-quarters of the tape and hardware activity involves VHS, Beta commands only 14.5 percent. Laser and CED collectively account for less than ten percent of the activity.

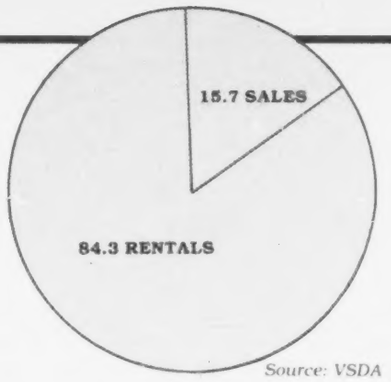
• The popularity of MTV notwithstanding, music videos account for less than three percent of retail revenue. Predictions that the category would soon become among the most successful are not borne out as the survey's findings indicate that music lags far behind comedy, children's video, horror movies and all other categories except How-To and foreign programs.

• Distributors account for just under 16 percent of the total video retail dollar volume with retailers bringing in a total of 83.2 percent. Rack jobbers and mail order houses each account for less than one percent.

• The three top video cassette categories, action/adventure, science fiction and adult, respectively account for 25.2, 19.6 and 13 percent of the retail dollar volume.

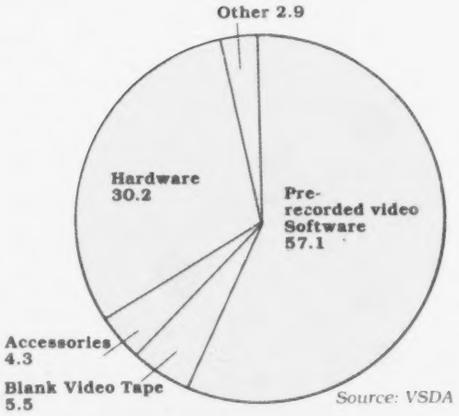
The survey, released just prior to the annual VSDA convention, also sheds light on the particulars of the average video dealer. According to the study, the average store has 1,578 titles, employs 3.2 full-time workers and three part-time workers and has 2,321 inventory units in the store. A sales transaction involving prerecorded video averages $42.66 while the average rental ticket is $6.90. The average number of stores per owner is 4.6 and the shrinkage/theft percentage is reported as a mere 1.1 percent — dramatically lower than virtually all other retail establishments. □

Al Stewart



Source: VSDA

SALES VS. RENTAL



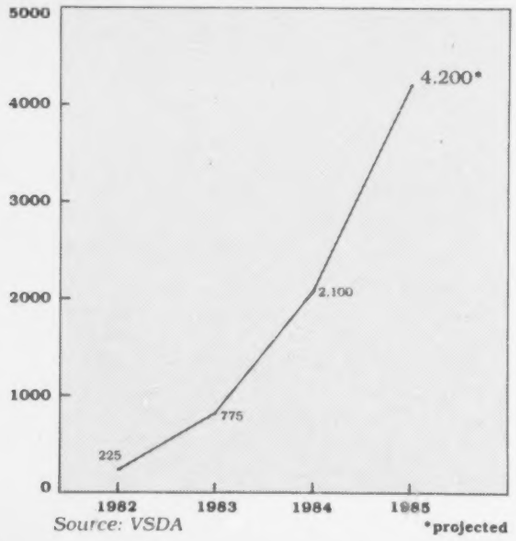
Source: VSDA

PERCENTAGE OF DOLLAR VOLUME BY PRODUCT LINE

Source: VSDA

PERCENTAGE OF PRERECORDED VIDEO SOFTWARE DOLLAR VOLUME BY PRODUCT TYPE

VSDA CONVENTION ATTENDANCE: THE FIRST FOUR YEARS



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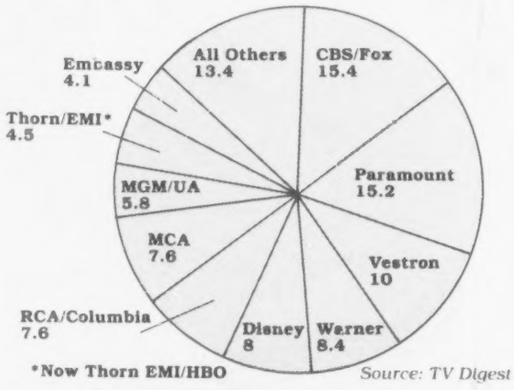

Source: TV Digest

PRERECORDED VIDEO MARKET SHARE (1984)

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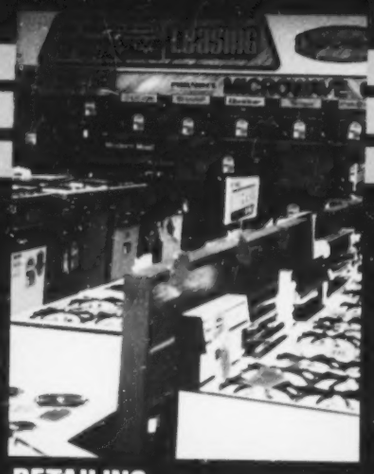
A CAHNERS PUBLICATION

SEPTEMBER 1985



RETAILING

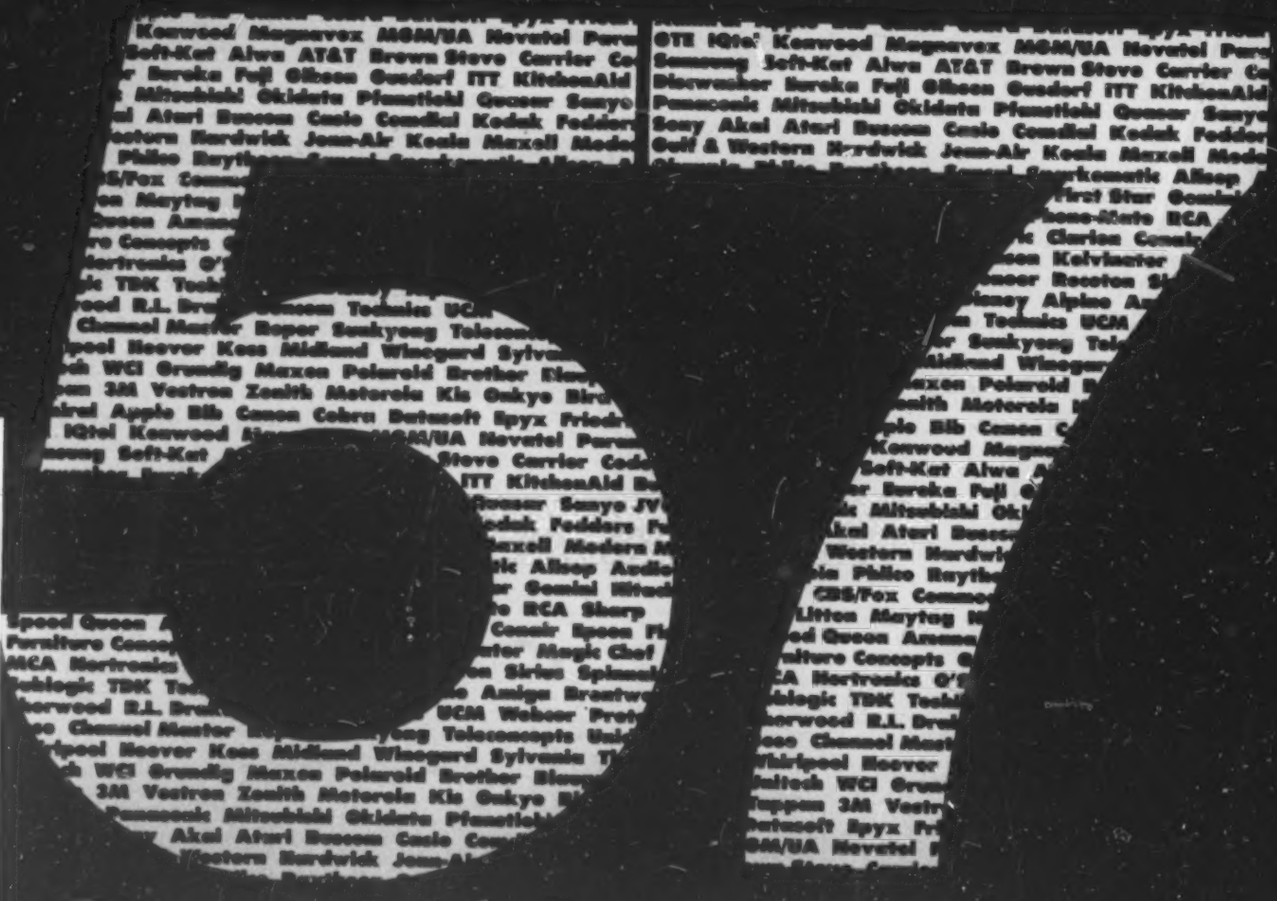
Under one roof at Phil and Jim's: Electronics/appliance dealer strikes a balance and reaps the rewards.

APPLIANCES

Imported built-ins offer styling and features upscale consumers want most

HOME ELECTRONICS

A new generation of portable electronic typewriters has plenty of smarts



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